

# MINUTES

## HOUSING AUTHORITY OF THE CITY OF ABILENE

### Meeting of April 19, 2007, 9:30 a.m.

The Housing Authority of the City of Abilene, Texas, met in Regular Session on April 19, 2007, at 9:30 a.m. in the Cypress Plaza Board Room, 534 Cypress Street. Chairman V.E. Brailsford was present and presided. Other Commissioners present were: Mary Jay Island and Dale Barthelemy.

Staff members present were: Executive Director Roberta Thompson, Ebony Bond, Genette Edmond, Tanya Johnson; Jon James, Director Planning and Development; Megan Santee (Legal), and Mary Ann Martell, Secretary/Temp. Guests present were: Attorney Mark Zachary.

### CALL TO ORDER

The meeting was called to order at 9:30 a.m. by Chairman Brailsford.

#### **1.0 Routine Announcements, Recognitions and Presentations**

Executive Director Roberta Thompson announced that one of our PHA residents, Fabrice Kabono, a student at Abilene High School, won a \$1,000 scholarship award that will be presented at the Texas Annual NAHRO Conference in Odessa. The PHA also won the best newsletter for a small Housing Authority agency. The Executive Director congratulated and recognized both Tanya Johnson and Genette Edmond, Low Rent Public Housing Manager for their hard work and dedication to the program.

Another announcement included the promotion of Ebony Bond, Accountant, to the new Housing Program Coordinator. She is very familiar with many of the regulations, etc. as well as the financial aspects of the program. Also, she has attended conferences and has networked with officials from HUD.

### DISPOSITION OF MINUTES

2.0

There being no corrections, additions, or deletions to the January 18, 2007, and February 15, 2007 Board Meeting Minutes, Commissioner Island made a motion to approve the minutes as printed. Commissioner Barthelemy seconded the motion.

AYES: Commissioners Barthelemy, Island, and Chairman Brailsford

NAYS: None

*The motion carried.*

## **OPEN DISCUSSION FOR CITIZEN GENERAL COMMENT AND RESIDENT/LANDLORD INPUT**

- 3.0 There was not any discussion, since no other citizens, landlords or residents were present at the meeting. However, Executive Roberta Thompson stated that at the end of the meeting she would distribute a letter from HUD regarding late fees penalty.

## **CONSENT AGENDA**

- 4.0 Chairman Brailsford asked the Board if they had any questions or wished to pull out any item under the Consent Agenda. There were no questions or requests to pull out any item. Chairman Brailsford entertained a motion to approve
- Item 4.1: Resolution Approving Low Rent Public Housing Community Service Work Requirement Policy,
  - Item 4.2: Resolution Approving Revision of Schedule of Charges for Low Rent Public Housing,
  - Item 4.3: Resolution Approving Appointment of Resident Advisory Board Members and
  - Item 4.4: Monthly Reports

Commissioner Island made a motion to approve Consent Agenda Items 4.1 through 4.4. Commissioner Barthelemy seconded the motion.

AYES: Commissioners Barthelemy, Island, and Chairman Brailsford.

NAYS: None

***The motion carried and all resolutions passed.***

Resolution numbers were assigned as follows:

Resolution 4.1 - 0701

Resolution 4.2 - 0702

Resolution 4.3 - 0703

## **5.0 REGULAR AGENDA**

- 5.1 Chairman Brailsford asked if there was any discussion or questions concerning the Items on the Regular Agenda. Executive Director Roberta Thompson stated that she would like to address Item numbers 5.2, 5.3, and that Mark Zachary would be addressing Item 5.4. 5.1 is the basic report on the PHA's investments.
- 5.2 Report on HUD's Section Eight Management Assessment Program (SEMAP) Evaluation of PHA**

Ms. Thompson stated that 5.2 consists of HUD's report, Section 8 Management Assessment Program (SEMAP), on the Choice Voucher Program, which is our Section 8. The SEMAP program is designed to assess the administration of the Section 8's program. It also measures the Choice Voucher Program performance to see that financial assistance is being given to those applicants to provide them with safe housing. A Housing Authority can receive a designation of Outstanding Performer, Standard Performer or Troubled Performer. HUD can use several

methods for scoring. They can use the MTCS report to PIC, the Independent Audit, and the onsite audit conducted by HUD. The Executive Director asked the Board to look at Item 5.2, page 5 to fully understand this report as she spoke. The PHA was scored on 14 Performance Indicators. There was a maximum of 150 points if the PHA applied for all of them. Our PHA, out of a possible 145 points, scored a 90, which averages a 62% rating. Ms. Thomspson stated that this is low for us and is not acceptable. She said we received a 0 rating on Indicator #3 which is Determination of Adjusted Income. This can be contributed to our high turnover in staff, which accounts for constant training in verification methods, etc. If these calculations are not right and the reports are submitted to PIC, there will be errors. For example, if a counselor does not deduct the amount received as food stamps from the Income category, it will be an error. This has been corrected. In the last internal audit, out of 45 files pulled, 3 had errors. In addition, we received a 0 rating on Indicator #11, Pre-contract Inspection. Some of our new staff had the contract starting on the date of the inspection. This happened only on two contracts but it resulted in us receiving the 0 rating. However, the contract start date is the day the unit passes the inspection. A contract does not start without a signed contract and until the applicant can move into the unit. This is minor. The PHA also received a 0 rating on Indicator #13, Low Lease Up which is very troubling since it affects us financially. We have been given the finances to house approximately 1, 029 families, but we are assisting only 730 families. We cannot go below the 98% leasing requirement from HUD without it affecting our budget. We must lease at 98% or be expending HUD's approved budget. In her memo, the executive director stated the reasons that could have contributed to the low lease up. This includes limited internal auditing for lease up and a high turnover rate in staff. In fact, we had only two staff with a working knowledge of the Section 8 Voucher program. A year and a half ago, we had a two-year waiting. On Saturday, April 14, staff had a Lease Up Blitz. They pulled 378 applicants from the waiting list and conducted briefings every hour. Verifications have been sent out. This blitz should achieve at least 95% lease up. There were over 200 applicants at the blitz. If we could get at least 175 families under contract by June, this will greatly improve lease up. Ebony Bond commented that in the past we have had a 40% response from applicants to the waiting list pull. This time we had well over that. Ms. Thompson has corresponded with HUD. When it comes time to prepare the annual budget, this low lease up could affect our budget since HUD will look at our numbers. Our budget will be based on 2006 figures especially the last three months. We need to achieve lease up on a quarterly basis. She urged the Board to monitor the utilization on the lease up. After Roberta Thompson submitted the corrective action plan, HUD sent a letter clearing the deficiencies. In fact, we even received bonus funding of \$8,000+ through the Capital Fund program. Commissioner Island voiced her concern over the Executive Director stating that we could achieve 95% lease up when 98% lease up is mandatory. Ms. Thompson responded that the HA will still be able to adjust for the 95%. The accountant will be looking at cutbacks in the budget. For example, money will be saved from hiring an Accounting Tech instead of the accountant position vacated by Ebony

Bond. Due to the pulling of applicants, the copying bill will be very large due to increasing the lease up since the packets are big, the work being done on the admin plan, and the upgrade of the software. The Executive Director also stated we received a 0 rating on Indicator #14, Family Self-Sufficiency/FSS. She referred the Board to page 5.2, page 19, which displayed a list of families with escrow accounts totaling \$43,000+. The 0 rating was due to Voyager software not accepting the FSS escrow accounts; therefore, PIC did not pick this information up. No one detected this; therefore, we lost 5 points. The corrective action plan stressed that all applicants would be pulled from the waiting list and that staff would be trained. Next week, staff will be attending the NAHRO conference in Odessa where they will learn rent calculations, etc.

### **5.3 Report on HUD's Annual Public Housing Assessment System (PHAS) Evaluation of Low Rent Public Housing**

Regarding Item #5.3, the PHA was assessed on both programs, which not only included the Choice Voucher program in Section 8, but we were rated on the Public Housing Program. There were five components consisting of twelve components used for assessment of the Low Rent Public Housing Program. One area is the physical condition, which included a uniform physical inspection by a contracted inspector from HUD. On this, scoring was lowered due to an electrical hazard and blocked windows. On 5.3, page 3 reflects the scoring for the PHA, which included 25 points out of 30 points for physical condition. Financially, they scored 28 out of 30 points and for management, Public Housing scored 24 out of 30. At one time, they had a lease up problem, but their rating is now at about 96%. Their lease up and applicant pool was increased by advertising on Channel 7 and in the *Abilene Reporter News*. The Physical Condition report also showed Deegan Place with an 85, Riveria received an 80 and Earl Williams Village Apartments with a score of 86 due to life threatening deficiencies. This scoring averaged 86 and the resident satisfaction also scored an 86, which is 12 points above the national average of 74. No corrective action plan was necessary. In an independent audit, 40 Public Housing files were pulled and 9 files had deficiencies that could not be corrected.

Commissioner Island asked what these life-threatening deficiencies were other than smoke detectors. The Executive Director replied these included blocked windows, panels with no covers, and cracked switch plates. One area at Riveria had steel bars that had to be removed. Commissioner Island also asked if these deficiencies could be discovered when we do our inspections. Ms. Thompson replied that HUD sends out a notice of their inspection. Letters are mailed to all residents that HUD officials are coming to conduct an inspection. However, deficiencies are still found especially this time since HUD used contractors with less experience. Commissioner Island again asked the question regarding the 95% lease up. She is concerned with the financial aspects of perhaps losing some money. Ms. Thompson stated that HUD would look at the previous year's numbers especially April, May, and June. HUD will look at the approved budget. They look at the VMS which is a quarterly report that we are required to submit and expects the HA to be achieving lease up of 1, 029 families. If not, they want to know what you will be doing to achieve lease up. At year's end, HUD will

look at last year's budget. Several things can be done to implement cost-saving measures, which are to reduce payment standards to 90%, pull back vouchers, terminate existing contracts, and restrict portability. Commissioner Island was still concerned that the HA could be spending excessively, but could be given less based on last year's budget figures. The Executive Director also urged the Board to look at the investments and the monthly status reports. Chairman Brailsford asked if there were any more questions or discussion. Commissioner Island suggested that staff highlight the lease up numbers in their monthly reports. Roberta Thompson said you could also make utilization an Agenda item for both programs.

#### **5.4 Discussion and Approval For Making the Preliminary Draft of the Section 8 Housing Choice Voucher Administrative Plan Available for Public Review**

Chairman Brailsford asked Mark Zachary to address Agenda Item #5.4. Mark Zachary said he would give a brief summary on the revision of the administrative plan. Initially, he, Roberta, and Richard went over the plan page by page, and looked at what Nan McKay, the consultant, had given them as a template and to see how what would impact the Housing Authority and their local policies. Subsequently, after the first draft was completed and presented to the Board, they were continuing to review the plan so there are more changes made to that first draft. Many of these changes were format changes. Mark Zachary then presented the redline version to the Board which showed the changes made to the original draft. Today, he stated he was asking for any comments or questions from the Board so that the working preliminary copy could become the final preliminary admin plan. That plan would then be submitted to the Public for review and comments. At that point, public comments would be submitted and then discussion would occur at another meeting to see if the Board would need to take any action on any of these comments. The Board is not required to do this, however, he feels this would be a good thing to do. After public review and any changes made regarding their comments, the final working draft would be submitted to the Board for their approval. This would become the final revised administrative plan. Mr. Zachary explained that Nan McKay does a great job in their format displaying the Federal requirements and then sets apart the local policy that the PHA has developed for their use. A person can see what's required and then what the PHA has expanded upon. Nan McKay also provides their recommendations. Commissioner Island pointed out that one of the major problems has been when we pay the late fees to the landlords. She asked Mr. Zachary if he could review the guidelines for this specific policy. Mark Zachary said that Chapter 13-2C or 13-19 in the redlined version of the admin plan discusses the late HAP payments. He elaborated that this has been one of the most discussed areas and explained that the Board has the authority to decide what is late and what isn't, however, it is required that the HAP payments be made to the landlords in a timely manner. The policy sets forth that the obligations be met promptly according to the HAP contract. Penalties for late HAP payments are restricted. Three things have to be considered before penalties are imposed: 1) The penalty has to arise from generally accepted local market practices; 2) The owner's normal practice is to charge late fees to both unassisted

families and assisted families; 3) The owner charges both the resident and the PHA late fees. HUD looks at two other issues when assessing late fees: 1) If HUD determines that the late payment was made due to circumstances beyond the PHA's control, then no late fee penalty is required. For example, it would be beyond our control if payments were late because the accounting system failed. 2) No late fee penalty would be due if the PHA intentionally denies or delays payment as a remedy to address another breach of the HAP contract. Mark Zachary also addressed when a payment is deemed to be received by the owner. Is it the date when the owner receives the payment or the date when the PHA sends the payment? Currently, the payment is deemed to be received when the PHA mails the payment. The PHA makes the payment on or before the third business day of each month. It is considered late if the payment is made after the fifth business day of the month. What must be submitted to the Housing Authority to collect a late fee? There is a set of specific requirements that the landlords would have to submit to receive a late fee payment request. Roberta Thompson said she did not see a cutoff date for processing new contracts/payments. She stated there has to be a cutoff date of the 20th. All of the necessary paperwork would have to be submitted. She also wanted to remind the Board of the third business day and said we would have to work with the City to ensure they could accommodate that schedule. Mark Zachary also explained that in previous comments the landlords wanted their payment on the first of the month. Realistically, under the present circumstances, etc., the HA cannot make the first of the month commitment. Commissioner Island wanted to be reassured that those guidelines were something the City would commit to since the Board was responsible. Executive Director Roberta Thompson said she had contacted the auditors regarding making the payment by the first of the month. She was told no one makes their payments by the first and that the third business day of the month was adequate for our accounting system. Ebony Bond replied that the City does their checks on Tuesdays. We enter our checks on one day and print the next day. Generally, we get our payments out by the second business day, but if our schedule interferes with the City's, sometimes it has been the fourth business day. Ms. Thompson stated that she had corresponded many times with HUD over late payment fees. She wanted a response from HUD regarding the landlord issues. HUD informed her that the HA is accountable and that we need to establish the policy. Our software does make it feasible to get our payments out by the third business day; however, we are looking into direct deposit. Commissioner Island reiterated that she wants the landlords paid promptly and asked if Ebony could meet with the person from the City to verify that they will meet the guidelines. Ms. Thompson asked the Board if they wanted to listen to the public comments first before publishing the revised Administrative Plan. She remarked that to move forward would be most beneficial. Since last year we have not been working under an approved administrative plan so we need to set a time limit/date for the plan to be reviewed and then submit the Board's recommendations to Mark Zachary. The Board indicated there would be no problem to expedite the approval of the administrative plan. Mark Zachary said if there are a number of policies to address then perhaps they could be addressed at

another meeting. He asked if the Board is willing to come in for a special meeting. Executive Roberta Thompson said clarification is needed in some areas i.e., owner or tenant responsibility, enforcement of lease; the difference between eviction and termination. Commissioner Island replied the meeting should not take long since we have a good policy and format; it just needs some fine-tuning. The Commissioner stated another subject that has troubled her for some time is the issue of sexual harassment. She said if a charge was made the Board could be sued. Roberta Thompson agreed that this issue did need to be addressed since some of the complaints have been of that nature from tenants against certain landlords. This had been referred to the legal department and she was told any action taken could be construed as retaliation. Even HUD had asked why there had been no action taken on these complaints. Ms. Thompson said that HUD informed the PHA that it was the Board's responsibility to address the issue of sexual harassment. Legal needs to look at it. Commissioner Island asked Mark Zachary if there was a policy regarding sexual harassment in the admin plan. He replied that there was not a sexual harassment policy in the plan. Again, Commissioner Island stated that a policy needs to be addressed for not only sexual harassment but also allegations. She expressed her concerns for the Board and their responsibility. What is needed to get a policy in place? Executive Director Thompson added that there needs to be a policy on landlord's fraud also. Each case needs to be investigated and in some cases fraud has been proven and funds have been recaptured. Commissioner Island remarked on nothing being done about these allegations. Ms. Thompson stated that there is a policy regarding tenant fraud and the PHA investigates these discrepancies. However, there is no policy on landlord fraud other than the PHA will investigate. Commissioner Island wanted to know what other PHAs do. Ms. Thompson said it is left up to the Board to determine what's right or wrong. Attorney Mark Zachary said that currently in the Section 8 plan there are policies to address fraud, etc. If proven, the contract can be terminated. There has to be documentation on what steps were taken, etc. The tenant has requirements to meet. For example, if they under report income and it is discovered, the policy states the action to be taken, however, if landlord fraud is discovered then the Board can decide how aggressive to be in the action taken. Commissioner Island voiced her concerns for the Board's protection. Mark Zachary said fraud/abuse would be on a case-by-case basis. The main thing is to be consistent and to document what the fraud/abuse was and the action taken. Roberta Thompson added that many times after investigation in these cases, she has called Mark Zachary asking if the PHA would win in court if it came to that. Both the landlord and tenant have the HQS standards which state the consequences if you violate the rules. A failed HQS unit, the consequences are stated. Also, in one case it was shown the landlord breached the contract, the tenant was moved out. In other instances, it has been case-by-case. Commissioner Island said there needs to be concrete evidence and the steps that will happen if fraud/abuse is proven. She expressed her desire to have legal look at this and make sure a policy is in place. Mark Zachary stated that there is a policy in the Administrative Plan that addresses tenant fraud/abuse and landlord fraud/abuse. He said he wanted a

meeting date to incorporate the Board's comments and formally approve the preliminary draft before submitting it to the public for comments. Roberta Thompson said we should have a goal of May. Also, we will be getting direct deposits in place along with internal control procedures for this process that will comply with the audit. Ebony Bond said she spoke with the City Human Resources Department regarding direct deposit. She said the City does not have a policy in place for vendor direct deposit. Currently, she is reviewing other policies from outside agencies. Roberta Thompson added that she talked with auditor David Boring regarding direct deposit. He said that small PHAs don't usually have direct deposit for landlord payments since additional internal control procedures would have to be put into place. Anticipating these changes, Mark Zachary said the Administrative Plan could be subject to changes due to local policies, etc. In that case, amendments can be passed when changes have to be made to the plan. He said he would like to have the Board make their comments regarding the Administrative Plan and arrive at a meeting date within the next ten days to pass the preliminary draft. Before departing, Mark Zachary asked for a list of comments from the Board.

5.5 **Administrative Updates:** Executive Director Thompson relayed to the Board that Ebony Bond is working with a Voyager representative to help provide training to establish direct deposit. Ebony Bond said they are waiting for the format for cutting the checks. Also, they are working on some glitches where information had been input and the software did not accept it and it was not corrected. Staff has not been able to pull certain reports in Voyager due to information not being input or lack of knowledge. Public Housing is still using the Tenmast software and will be converting to Voyager. They will need a temporary person to manually input the data into Voyager. A public notice was published in the *Abilene Reporter News* stating that a draft of the Five Year Annual Plan is available in the office for a 45-day review and that a public hearing would be held June 7, for public comments. The plan needs to be submitted to HUD by July 2007. Ebony Bond said budget projections have been underway for the Capital Fund budget. She estimates our budget at \$405,000, which can be reduced by \$70,000 to \$80,000, by moving some of the budget items into 2008. Ebony listed some of the budget items: typical repairs, police patrol, staff training, computer software update, agency plan, etc. Some major budget items are: replacement of a vehicle, purchase of new tools, replacing some stoves and refrigerators, replacing commodes to water-saving commodes; installing AC concrete pads, repairing foundations and porches, fencing, painting, etc. Executive Director Thompson said they would go through the budget prioritizing the items since HUD usually awards the PHA between \$300,000 and \$320,000. The 2002, 2003, 2004 Capital Fund budgets have been closed out. A priority is appointing an ELOCCS person who will be able to access the account and draw down federal funds.

5.6 **Discussion on Independent or Internal Management of Housing Authority:** Chairman Brailsford asked for discussion regarding the PHA moving forward on becoming an independent PHA. Commissioner Island stated she felt we should pursue the issue. Chairman Brailsford wanted to make sure the Board was all in

favor and he said he had not talked to the new Commissioner on this subject. Commissioner Island commented that she liked the outline regarding the transition to an independent housing authority since it looked at all aspects. She said she would like to add another step, which would include doing a discrepancy model of costs now and projecting the costs of becoming an independent agency and comparing the two. The Chairman said he knows a person who will look at all aspects. Roberta Thompson announced that we cannot seek formal bids but we could seek quotes on certain issues. Roberta Thompson told the Board that she contacted HUD and auditor David Boring on this matter. She was informed that we already have policies through HUD on procurement, human resources, etc. that we could access. It would be beneficial to outsource legal and payroll due to internal controls. Insurance rates are also being explored. Waco has their own maintenance shop but contracts with certain vendors. We can identify staff to get quotes, etc. but we have no action plan. Legal stated that since we have Federal funds, we have to follow federal, state and local guidelines for procurement. We can't hire someone to come in without following guideline procedures. Commissioner Island reiterated that she would want to see the costs now and the projected costs as an independent agency. She was concerned that some areas specifically legal and IT could be costly. Executive Director Thompson said work has begun to solicit quotes in certain areas. She stated that staff could receive training through HUD on HR, procurement, etc. Thompson said perhaps we could work with legal to obtain quotes for HR services, legal, IT, etc. The Board agreed that more information on costs, etc. is needed before pursuing this issue. Ebony Bond said for procurement management that maybe we could formulate a piggyback contract to use the same services/vendors that the City uses if they allow it.

- 5.7 **Discussion of the Board's involvement in the hiring process for the Housing Administrator position:** Jon James, Director of Planning and Development, presented the Board with a suggestion to hire an outside consultant to help with the hiring of the Housing Administrator/E.D. The City proposes using their current consultant firm. He presented a brochure created by the firm that is currently being sent out, etc. to recruit for another position. This firm would review the resumes and conduct the initial round of interviews. He said they are in the process of composing a job description and would like input from the Board. Also, he would like Board approval since the fees to pay the consultant firm would come out of our division's budget. Their estimate for the fee is \$17,500. The City proposes an interview committee consisting of two to three Board members along with two to three staff from the City to interview the selected candidates. A question arose on whether the City could hire a consultant firm without an RFP. Jon James answered that since the City already has a contract in place with this firm, they can incorporate the recruitment of other positions under this contract. The Board was under the conception that they would do the hiring of the new E.D. However, the current agreement states that the City HR department completes the hiring process for the Housing Authority and the City Manager approves the new hires. Jon James said the Board does not make the hiring decisions but the City wants the Board's input. Legal representative

Megan Santee stated that under the current contract, the City handles personnel issues such as hiring, etc. It was voiced that the HA works with HUD. Executive Director Thompson said the HA has a contractual agreement with the City for them to administer the Housing Authority programs and to provide the personnel to run the programs. However, during training, HUD has stated that the Board is responsible for hiring and firing of the Executive Director. Commissioner Island commented that all parties need to come together and decide on the hiring of the E.D. Ms. Thompson pointed out that the Annual Contribution Contract (ACC) places the sole responsibility on the HA and its board. It is not concerned with the contract with the City. Legal replied that they would look at the contract again to make sure it is in compliance with HUD requirements. Much discussion occurred on the Board's involvement in the hiring process of the new Executive Director. Questions arose regarding the Board's responsibility to HUD since HUD would ultimately hold the Board responsible. There was no agreement from the Board on hiring a firm to seek the new E.D. Ebony Bond asked if the Board needed to approve the amount spent to hire the firm since \$17,500 seemed like a considerable amount. Discussion continued on the hiring of the new E.D. since it is crucial that the hiring process gets underway but the Board should play a vital role in the process. Chairman Brailsford said the proposal from the City to hire a consultant firm would be tabled until the Board had a chance to meet and discuss this issue. Commissioner Barthelemy made a motion to adjourn the meeting. This was seconded by Commissioner Island.

### **EXECUTIVE SESSION**

None

### **ADJOURNMENT**

There being no further business, the meeting adjourned at 1:07 p.m.